

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5577-01
Bill No.: HB 2228 with HCA 1
Subject: State Employees; Employees - Employers
Type: Original
Date: March 8, 2016

Bill Summary: This proposal specifies that state employees shall receive ten consecutive work days of paid leave upon the birth or adoption of a child.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)
Total Estimated Net Effect on General Revenue	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Office of Administration (OA)** assume this proposal would result in additional costs to the state. State agencies, particularly those with 24/7 facilities such as Department of Corrections, Department of Public Safety - Missouri Veterans Commission, Department of Mental Health, Department of Elementary and Secondary Education, and Department of Social Services would be required to grant additional paid leave, requiring additional pay to cover shifts in these facilities. For other state agencies, the proposal may not result in additional direct costs but will result in a loss of productivity, due to additional leave being granted. In addition, by providing this additional source of paid leave, employees could be in a position to conserve annual leave or compensatory time that could eventually need to be paid off if the employee retains balances until she or he separates from state service. At this time, specific cost estimates have not been developed. The SAM II HR system does not consistently capture the level of detail needed to develop sound predictions of the numbers of employees that may use leave specifically for birth or adoption situations that would fall under the purview of this bill.

OA-Personnel assumes that the costs to it (as distinct from possible costs to other state agencies) could be absorbed with existing resources.

ASSUMPTION (continued)

Oversight assumes this proposal would have a negative unknown fiscal impact to the State of Missouri.

Oversight notes that some affected employees would use annual or sick leave under current law for parental leave. They would not need to use annual or sick leave or would use less leave under terms of this proposal. Immediate fiscal impact would be paying employees who would otherwise have to use leave without pay, or paying to cover employees who may not have otherwise been allowed to take ten consecutive days off. Longer term impacts would include paying vacation when an employee leaves state employment or even paying additional retirement benefits.

According to Missouri Consolidated Health Care Plan the following were totals for covered deliveries in the previous three fiscal years.

Deliveries	2013	2014	2015
Employees	621	652	646
Covered Spouses	173	161	178
Dependents	<u>291</u>	<u>321</u>	<u>327</u>
Totals	1,085	1,134	1,151

Assuming an average annual salary of \$34,395 (2015 Office of Administration Personnel) each work day is worth \$143. If a minimum of 178 (2015 total covered spouses) fathers are able to take a 10 day (\$1,430) paternity leave this will cost the state an estimated \$255,096 annually. This number doesn't include any previous adoptions by state employees. Oversight assumes for fiscal note purposes this proposal will cause a negative unknown fiscal impact that could exceed \$100,000. In addition, Oversight also assumes this impact could be to various state and federal funds, but for simplicity, Oversight will reflect the impact to General Revenue only.

House Committee Amendment 1

This Amendment requires that any leave granted for an adoption must be for a child under the age of 2 years old. **Oversight** assumes this amendment will lower the fiscal impact of the original bill, but it is still unquantifiable for fiscal note purposes.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Costs - Paid Leave for Birth or Adoption of a Child</u>	<u>(Unknown, could exceed \$100,000)</u>	<u>(Unknown, could exceed \$100,000)</u>	<u>(Unknown, could exceed \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown, could exceed \$100,000)</u>	<u>(Unknown, could exceed \$100,000)</u>	<u>(Unknown, could exceed \$100,000)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (10 Mo.)	 FY 2018	 FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

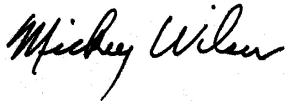
FISCAL DESCRIPTION

This proposal allows state employees to receive ten paid days of work leave upon the birth or adoption of a child.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Administrative Rules
Office of the Secretary of State
Office of Administration

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 8, 2016

Ross Strobe
Assistant Director
March 8, 2016